

Message Text

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ACTION NEA-12

INFO OCT-01 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

CU-04 DRC-01 INT-08 SCEM-02 EUR-25 /236 W

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R 161410Z NOV 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7922

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY TOKYO

AMCONSUL HONG KONG

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 13302

E.O. 11652: GDS

TAGS: PFOR, EGEN, IN, JA

SUBJECT: INDO-JAPANESE RELATIONS

SUMMARY: ON THE FACE OF IT, THERE SHOULD BE CONSIDERABLE
POTENTIAL FOR POSITIVE INTERACTION BY THE MOST NEEDY WITH
THE MOST PROSPEROUS AND DYNAMIC OF ASIAN COUNTRIES. BUT
INDIA'S RELATIONS WITH JAPAN ARE SOMETHING OF A BACK
EDDY AMONG THE MAJOR CURRENTS SWEEPING ASIA TODAY.
JAPANESE BUSINESS ACTIVITY IN INDIA IS LIMITED AND HAS
DECLINED IN RECENT YEARS IN TERMS OF JAPANESE PRESENCE
AND INTEREST. POLITICAL CONTACTS ARE NOMINAL. INDIA
IS VAGUELY INCLINED TOWARD GREATER ECONOMIC AND POLITICAL
COOPERATION WITH JAPAN. BUT THE JAPANESE ARMS-LENGTH RES-
PONSE IS DETERMINED BY A HARD-NOSED ASSESSMENT OF THE
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PROFITABILITY OF STRUGGLING WITH INDIAN PRACTICES AND

THE INDIAN GOVERNMENT'S ANTI-FOREIGN BUSINESS ATTITUDES. IT IS REINFORCED BY A SHARP CULTURAL DISTASTE FOR INDIANS. WE SEE LITTLE PROSPECT OF CHANGE IN THIS EQUATION AND NO BASIS FOR INVOLVING OURSELVES IN TRYING TO PROMOTE A MORE SUBSTANTIAL INDO-JAPANESE RELATIONSHIP. END SUMMARY.

1. IN THE HISTORICAL PERSPECTIVE, JAPANESE INTEREST IN INDIA HAS DECLINED IN THE PAST TWO DECADES. JAPANESE DIPLOMATS HERE TELL US THAT THE POSITIVE IMAGE OF GANDHI AND NEHRU, THE SYMPATHETIC STANCE OF THE INDIAN JUDGE AT THE TOKYO WAR CRIMES TRIALS, AND INDIA'S WILLINGNESS TO SIGN A SEPARATE PEACE TREATY BECAUSE IT CONSIDERED THE SAN FRANCISCO TREATY UNJUST--ALL STRONGLY BIASED JAPANESE ATTITUDES TOWARD INDIA AFTER THE WAR. TO THIS WAS ADDED THE PROSPECT OF A MAJOR ECONOMIC RELATIONSHIP WITH ASIA'S SECOND LARGEST COUNTRY WITH AMPLE SCOPE FOR TRADE AND INVESTMENT.

2. THE HIGH JAPANESE HOPES OF THE 1950'S HAVE VANISHED. CONTRIBUTING ELEMENTS HAVE BEEN: CHINESE DEFEAT OF INDIA IN 1962 AND THE DECLINING IMAGE OF INDIA AS A MAJOR FORCE IN ASIA; THE LIMPNESS OF INDIAN DOMESTIC POLITICS AND FOREIGN POLICY AFTER NEHRU'S DEATH; AND THE LAGGARD PACE OF INDIAN ECONOMIC GROWTH AND INDIAN DIFFICULTY IN RESPONDING TO OVERTURES FROM THE ENERGETIC, GO-GETTING, CAPITALIST JAPANESE FOR EXPANDED TRADE AND INVESTMENT BETWEEN THE TWO COUNTRIES.

3. OUR IMPRESSIONS, GATHERED FROM OUR CONTACTS WITH JAPANESE THROUGHOUT INDIA AND INDIANS WHO HAVE DISCUSSED THESE ISSUES WITH JAPANESE, ARE THAT JAPANESE ATTITUDES TOWARD INDIA OVER THE LAST DECADE HAVE INCREASINGLY BEEN INFLUENCED BY JAPANESE DIFFICULTY IN UNDERSTANDING AND APPRECIATING INDIANS IN GENERAL AND INDIAN POLITICAL AND ECONOMIC POLICIES IN PARTICULAR. THE JAPANESE HERE OFTEN PROFESS BEWILDERMENT AND INCOMPREHENSION OF INDIA AND SEEM TO FIND THE INDIANS DIRTY, DISORGANIZED, IMPOLITE, DEMANDING, SNEAKY, UNTRUSTWORTHY, AND GENERALLY INCOMPETENT. THEY DISTRUST INDIAN BUSINESS
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METHODS AND INDIAN NEGOTIATING TACTICS. THEY ARE DISSATISFIED WITH THE QUALITY OF INDIAN WORKMANSHIP, THE LOW PRODUCTIVITY AND CHRONIC UNREST OF INDIAN LABOR, AND INDIAN FAILURES TO MEET DELIVERY SCHEDULES. THEY ARE SUSPICIOUS OF THE INDIAN GOVERNMENT'S ANTI-BUSINESS AND FOREIGN INVESTMENT PSYCHOLOGY, ITS EMPHASIS ON NATIONALIZATION AND INDIANIZATION, ITS BUREAUCRATIC RED TAPE AND CORRUPTION, AND ITS LACK OF CONTINUITY IN

POLICY.

4. THE INDIAN ATTITUDE TOWARD JAPAN IS MORE POSITIVE AND LESS SHARPLY FOCUSED. JAPANESE BUSINESSMEN ARE SEEN AS HARD WORKING, EFFICIENT, BUT SOLELY PROJECT ORIENTED. THE INDIANS SUSPECT JAPANESE BUSINESS (AS THEY DO ALL FOREIGN BIG BUSINESS) OF ECONOMIC AGGRESSION AND ARE LEERY OF THEIR INVOLVEMENT WITH JAPANESE BUSINESSMEN. STILL, BECAUSE OF THE LIMITED JAPANESE PRESENCE HERE THERE IS LITTLE OF THE BROAD RESENTMENT AND FEAR OF JAPANESE PENETRATION THAT IS PREVALENT IN SOUTHEAST ASIA. THE JAPANESE HAVE A GENERALLY FAVORABLE IMAGE. THE INDIANS COMPLAIN, HOWEVER, THAT, WHILE THEY ARE PREPARED FOR ECONOMIC COOPERATION (I.E., TO RECEIVE AID AND COMMERCIAL BENEFITS) AND WOULD LIKE TO SEE CLOSER (BUT ILL-DEFINED) POLITICAL COOPERATION WITH JAPAN, THE JAPANESE HAVE BEEN SLOW TO RESPOND.

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C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 13302

5. AS FOR COMMERCIAL, AID, AND CULTURAL RELATIONS:

(A) THE SIZE OF THE JAPANESE OFFICIAL AND PRIVATE REPRESENTATION IN INDIA HAS DROPPED OVER THE PAST TEN OR FIFTEEN YEARS; THERE ARE CURRENTLY ONLY ABOUT 900 JAPANESE CITIZENS RESIDENT IN INDIA;

(B) FROM 1961 TO 1972 INDIA'S TRADE WITH JAPAN MORE THAN DOUBLED FROM DOLS 222 MILLION TO DOLS 488 MILLION, PRIMARILY BECAUSE OF EXPANDED INDIAN SHIPMENTS OF IRON AND OTHER MINERAL ORES, RAW MATERIALS AND TRADITIONAL EXPORTS. DURING THIS PERIOD INDIAN IMPORTS FROM JAPAN NEARLY DOUBLED (DOLS 128 MILLION TO DOLS 213 MILLION), BUT INDIA'S SHARE OF JAPAN'S TOTAL EXPORT TRADE FELL FROM 3 TO LESS THAN ONE PERCENT. INDIAN EXPORTS TO
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JAPAN QUADRUPLED BETWEEN 1961 AND 1972 (DOLS 74 MILLION TO DOLS 275 MILLION), RAISING JAPAN'S SHARE OF INDIA'S EXPORT TRADE FROM 5.3 TO 10.5 PERCENT;

(C) THE JAPANESE ARE ONLY MODERATELY ACTIVE COMMERCIALLY IN INDIA. THEY ARE INVOLVED IN SOME ENGINEERING AND CONSUMER GOODS PROJECTS AND A NUMBER OF COOPERATIVE VENTURES INVOLVING LITTLE JAPANESE INPUT OTHER THAN TECHNOLOGY. A NUMBER OF JAPANESE FIRMS AND BANKS STILL MAINTAIN OFFICES HERE. BOTH SIDES HAVE EXPRESSED SOME INTEREST IN TRANSFERRING PRODUCTION OF LABOR INTENSIVE GOODS TO INDIA ON A SUBCONTRACT BASIS, BUT IN LIGHT OF THE MORE ATTRACTIVE NEARBY ALTERNATIVES, THE JAPANESE HAVE CONCLUDED THE RESULTS WOULD NOT AT PRESENT JUSTIFY THE EFFORT;

(D) GOI DATA FOR 1968 SHOWED JAPANESE DIRECT PRIVATE INVESTMENT IN INDIA AS TOTALING DOLS 3.2 MILLION, OR LESS THAN HALF OF ONE PERCENT OF ALL SUCH FOREIGN INVESTMENT. ACCORDING TO JAPANESE DATA, AS OF THE END OF 1972 JAPANESE DIRECT PRIVATE INVESTMENT IN INDIA WAS DOLS 13.7 MILLION. THE AMOUNT IS STILL NEGLIGIBLE. BY WAY OF COMPARISON, US DIRECT PRIVATE INVESTMENT AT THE END OF 1971 WAS DOLS 340 MILLION, ACCORDING TO THE US DEPT. OF COMMERCE;

(E) IN MINERALS AND MINING, THE JAPANESE WERE ONCE VERY BULLISH ON INDIAN RESOURCES. BUT THEY HAVE BEEN DISCOURAGED BY THE INTERMINABLE DELAYS IN GETTING ANYTHING DONE. THE JAPANESE CONTINUE TO BUY INDIAN ORE TO KEEP A HAND IN THE MARKET, BUT THERE IS NO CURRENT NEW

JAPANESE INTEREST IN MINERAL DEVELOPMENT HERE;

(F) THE JAPANESE CONTINUE AID AND TECHNICAL ASSISTANCE PROGRAMS (CURRENTLY FIFTEEN EXPERTS), BUT ARE DUBIOUS OF THE VALUE OF BOTH. THE INDIANS HAVE BEEN TRYING HARD TO PRY OUT OF THE JAPANESE A COMMITMENT TO HELP FINANCE, BUILD, AND SERVICE FIVE FERTILIZER PLANTS; THE JAPANESE WILL PROBABLY HELP WITH TWO. TOKYO IS UNENTHUSIASTIC ABOUT EXTENDING CREDIT TO INDIA BUT PAYS OUT A LIMITED AMOUNT TO AVOID BEING BADGERED AND CONFIDENTIAL

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CRITICIZED BY THE VOLUBLE INDIANS AS ENTIRELY UNWILLING TO AID DEVELOPING COUNTRIES;

(G) THE CULTURAL EXCHANGE PROGRAM IS MINISCULE AND UNLIKELY TO INCLUDE MUCH BEYOND A HANDFUL OF LANGUAGE TRAINEES AND AN OCCASIONAL CULTURAL PRESENTATION. THERE ARE A FEW INDIANS STUDYING JAPANESE BUT A VIRTUALLY TOTAL UNAWARENESS (AND VERY LITTLE INTEREST) IN INDIA OF JAPANESE CULTURE AND SOCIETY.

6. WITH REGARD TO COOPERATION ON INTERNATIONAL POLITICAL ISSUES, THERE IS AN ARMS-LENGTH APPROACH ON THE PART OF THE JAPANESE. THERE ARE FEW ACTIVE POLITICAL ISSUES BETWEEN INDIA AND JAPAN, AND THE JAPANESE HOPE IT REMAINS THAT WAY. JAPANESE DEPENDENCE ON PERSIAN GULF OIL

AND ITS INTEREST IN FREE TRANSIT OF THE INDIAN OCEAN MIGHT LEAD TO GREATER INTERPLAY WITH INDIA ON ISSUES IN THIS AREA, BUT WE SEE NO SIGNS OF THIS YET. WHEN AN ASIAN ISSUE ARISES IN WHICH BOTH ARE INTERESTED--SUCH AS HOW TO DEAL WITH VIET-NAM AFTER THE CONFLICT--INDIAN AND JAPANESE APPROACHES ARE AT VARIANCE AND COOPERATION IS MINIMAL. INDIA AND JAPAN APPROACH SOUTHEAST ASIA FROM VERY DIFFERENT PERSPECTIVES IN TERMS OF THEIR CAPABILITY, ASPIRATIONS AND OBJECTIVES. THERE MAY BE ELEMENTS OF CONFLICT AND RIVALRY IN THEIR ECONOMIC AND POLITICAL AIMS, BUT IN INDIA ANY SENSE OF FRICTION WITH JAPAN IN THIS AREA IS NOT HIGHLY ARTICULATED AND IT HAS AN EXTREMELY LIMITED INFLUENCE ON INDO-JAPANESE BILATERAL RELATIONS.

7. IN THE LONGER RUN, WE WOULD EXPECT THAT, WHATEVER THE CULTURAL REPULSIONS, THE JAPANESE RESPONSE TO "OPPORTUNITIES" IN INDIA WILL BE DETERMINED BY THE PROFIT THEY CAN DERIVE FROM ACTIVITIES HERE. WE SEE LITTLE IN CURRENT TRENDS THAT WOULD LEAD THE JAPANESE TO SHIFT FROM THE HARD-NOSED WATCHING BRIEF THEY HAVE ADOPTED TOWARD INDIA TO A MORE EXTENSIVE ECONOMIC AND

POLITICAL ENGAGEMENT. FOR INDIA WE WOULD EXPECT A
CONTINUING VAGUE INCLINATION TOWARD THE "BENEFITS" OF
GREATER ECONOMIC AND POLITICAL COOPERATION WITH JAPAN
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BUT LITTLE SERIOUS EFFORT TO ADJUST INGRAINED PRACTICES
AND GOVERNMENTAL POLICIES TO ELICIT JAPANESE INTEREST.

8. WE OCCASIONALLY HEAR ECHOES FROM THE SOVIETS IN
DELHI OF US IDEAS OF THE 50'S AND EARLY 60'S ABOUT INDIA
AND JAPAN AS ANCHORS OF THEIR POLICIES TOWARD ASIA AND
THE DESIRABILITY OF GREATER COOPERATION BETWEEN INDIA
AND JAPAN AS A BALANCE TO CHINESE INFLUENCE. BUT WE
HAVE DETECTED NO ACTIVE SOVIET EFFORTS TO ENCOURAGE THIS
PROCESS. WE CERTAINLY SEE NO PURPOSE TO TRYING TO
ENGAGE OURSELVES IN PROMOTING A MORE SUBSTANTIAL INDO-
JAPANESE RELATIONSHIP. ALREADY, THE JAPANESE DON'T SPARE
THE INDIANS PLAIN TALK ABOUT WHAT'S WRONG WITH THEM FROM
THE JAPANESE VIEWPOINT AND THE CHANGES THEY MUST MAKE
IF THEY WANT TO ATTRACT JAPANESE COOPERATION. THE
INDIANS SEEM TO LISTEN WITH SOME MEASURE OF COMPREHENSION,
TO RESPOND, YES, BUT THAT'S THE WAY WE ARE, AND THAT'S
THE END OF THE MATTER.
MOYNIHAN

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Message Attributes

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